

Means Test Sought for Medicare Drug Plan

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The Bush administration is advancing a proposal to levy higher premiums and deductibles on upper-income seniors enrolled in [Medicare](#)'s new prescription drug benefit, raising fees on beneficiaries with incomes over about \$80,000 a year, administration officials said yesterday.

The administration is working with [Sen. John Ensign](#) (R-Nev.) to attach to upcoming legislation a "means testing" provision that would save the government billions of dollars. In the past, however, similar proposals have been blocked by the furious response of seniors.

"You say it saves money and these people can afford it, but it also eats away at the incomes of seniors. It erodes their sense of the reliability on these federal programs, and it certainly erodes political support," said John Rother, policy director for [AARP](#), the powerful senior lobby.

The plan was originally drafted as part of [President Bush](#)'s fiscal 2008 budget, but it died this spring with little notice. Now, at Ensign's request, the Centers for Medicare and Medicaid Services, which administers the federal health plan for the elderly, has revived the measure.

The timing of the effort could not be worse, some Republicans said. The proposal is surfacing when Bush's approval ratings are at record lows, his war policies are embattled and his veto this week of a children's health insurance bill has drawn fresh fire.

Ensign put a similar proposal to a Senate vote in March. It was rejected 52 to 44.

But Ensign, who chairs the campaign committee responsible for electing Republicans to the Senate, is undaunted, vowing to add means testing to any Medicare measure that comes before the chamber.

"Working couples with incomes over \$160,000 should not be subsidized by retired firefighters or schoolteachers," he said. "They should pay more of their share."

Already, the section of Medicare that pays for outpatient care, including doctors' fees, imposes some means testing. Single seniors with incomes exceeding \$82,000 and couples with incomes above \$164,000 pay higher premiums on a sliding scale as their wealth rises. Those thresholds rise each year with inflation.

The original Bush proposal would have frozen those thresholds at \$82,000 and \$164,000, so more seniors would have been affected by means testing over time. The same thresholds would have applied to the new prescription drug benefit.

According to the [White House](#) budget office, the proposal would have saved more than \$10 billion over five years: \$7.1 billion from the physicians' portion of Medicare and \$3.2 billion from the drug coverage. The higher fees would have hit only the richest 4.3 percent of seniors enrolled in the drug program, Ensign said.

The new plan is likely to maintain inflation adjustments, Ensign said. But the senator was adamant that means testing be added to the drug benefit, and he said he has secured a strong White House commitment. The Finance Committee, of which he is a member, will probably take up legislation within weeks to stave off the scheduled cuts to physician reimbursements under Medicare. And Ensign said Democrats and Republicans will be looking for ways to pay for such efforts.

"I will be looking constantly for ways to put this before the Senate," he vowed yesterday.

The proposal will have the support of some budget hawks from both parties, who say a response to the looming crisis in entitlements must come before the heart of the baby boom begins drawing Medicare and Social Security benefits.

"Means testing is going to be a necessary part of all our entitlement programs," said [Rep. Jim Cooper](#) (D-Tenn.), who is seeking a new commission to tackle the issue. "We simply cannot afford the promises we've made."

Ron Pollack of the liberal advocacy group Families USA said an income-based surcharge could make sense, as long as the thresholds rise with inflation, the government does more to help the poor obtain coverage, and no one is excluded from the program.

"As long as this doesn't have an exodus of the wealthy from the program, we think having premiums established based on ability to pay makes sense," Pollack said.

Nothing is particularly wrong with the suggestion that more affluent seniors should pay more, said Scott Lilly, a budget analyst at the liberal [Center for American Progress](#).

But politically, he added, the deal hinges on a betrayal of the coalition that Republicans painstakingly assembled to pass the prescription drug law in 2003. AARP's endorsement was particularly pivotal in securing its narrow passage, and it may never have happened had means testing been included, Lilly said.

"Most people would think, 'If I compromise with you, this is something we'll go forward with into the indefinite future, and you're not going to pull the rug out from under me four years down the road,'" Lilly said. "That's what's more breathtaking about this than the rightness or wrongness of the policy."

Advocates for seniors say the Bush proposal is flawed for reasons both administrative and philosophical. Unlike the physician program, a uniform benefit for which seniors pay premiums directly to the government, Medicare's drug coverage is operated through private insurance companies, with seniors selecting from among many different plans.

Advocates question how a new surcharge would work in such a sprawling, diverse system.

Staff writer Christopher Lee contributed to this report.